

WILL COUNTY METROPOLITAN
EXPOSITION AND AUDITORIUM
AUTHORITY, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

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WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

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INTRODUCTORY SECTION

This section includes miscellaneous data regarding the Authority including: Principal Officials

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Principal Officials

June 30, 2023

BOARD OF DIRECTORS

Title	Name
Chairman	Robert Filotto
Vice Chairman	Jeff R. Pierson
Secretary	Kathleen K. Trizna
Treasurer	Donnie F. Chestnutt
Director	Timothy Broderick
Director	Jane Condon
Director	William Kent
City Liaison	Sherri Reardon

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the Authority's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

July 12, 2024

The Board of Directors
Will County Metropolitan Exposition and Auditorium Authority
Joliet, Illinois

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit, of the Will County Metropolitan Exposition and Auditorium Authority, (the Authority), Illinois, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit, of the Will County Metropolitan Exposition and Auditorium Authority, Illinois, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor’s Responsibilities for the Audit of the Financial Statements - Continued

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and the budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Will County Metropolitan Exposition and Auditorium Authority, Illinois’ basic financial statements. The other supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Management's Discussion and Analysis

June 30, 2023

Our discussion and analysis of the Will County Metropolitan Exposition and Auditorium Authority's (the Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's net position increased by \$279,028 as a result of this year's operations to create ending net position of \$6,717,036, while ending net position in 2022 was \$5,787,761. Of the ending net position of \$6,717,036 in 2023, \$3,504,607 was unrestricted versus \$2,481,743 in 2022.
- The operating revenues were \$149,345 over budget.
- Total operating expenses were \$184,922 under the budgeted amount mostly due to custodial and maintenance expenses coming in under budget for the current year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the Authority.

The Statement of Net Position reports information on all of the Authority's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Authority's member agencies and the condition of the Authority's facilities and programs, is needed to assess the overall health of the Authority.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected member contributions and earned but unused vacation leave).

Fund Financial Statements

Proprietary Funds

The Authority operates as an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Management's Discussion and Analysis

June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a Authority's financial position. The following tables show that in the case of the Authority, assets/deferred outflows exceeded liabilities/deferred inflows by \$6,717,036.

	Net Position	
	2023	2022
Current and Other Assets	\$ 7,169,404	5,855,563
Capital Assets	5,010,343	5,244,814
Total Assets	<u>12,179,747</u>	<u>11,100,377</u>
Long-Term Debt	1,657,299	1,767,524
Other Liabilities	2,943,349	1,962,461
Total Liabilities	<u>4,600,648</u>	<u>3,729,985</u>
Deferred Inflows	862,063	1,582,631
Total Liabilities and Deferred Inflows	<u>5,462,711</u>	<u>5,312,616</u>
Net Position		
Net Investment in Capital Assets	3,212,429	3,306,018
Unrestricted	<u>3,504,607</u>	<u>2,481,743</u>
Total Net Position	<u>6,717,036</u>	<u>5,787,761</u>

Net position invested in capital assets totals \$3,212,429, or 47.8 percent of total net position and reflects its investment in capital assets (for example, land, construction in progress, land improvements, buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to program participants; consequently, these assets are not available for future spending.

The remaining 52.2 percent, or \$3,504,607, represents unrestricted net position and may be used to meet the Authority's ongoing obligations to program users and creditors.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Management's Discussion and Analysis

June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

	Change in Net Position	
	2023	2022
Operating Revenues		
Charges for Services		
Rentals and Reimbursements	\$ 1,520,132	270,537
Theatre	1,759,974	3,009,316
Other	1,248	1,211
Total Operating Revenues	<u>3,281,354</u>	<u>3,281,064</u>
Operating Expenses		
Operations		
Salaries	1,270,968	1,213,234
Benefits	223,736	82,826
Professional Services	102,370	65,985
Advertising and Promotions	—	157,921
Administrative	113,054	55,169
Insurance	207,855	155,307
Custodial and Maintenance	211,586	153,117
Utilities	143,798	174,605
House Expense	371,892	540,645
Production Expense	874,853	740,999
Depreciation	370,020	334,913
Total Operating Expenses	<u>3,890,132</u>	<u>3,674,721</u>
Operating Income (Loss)	<u>(608,778)</u>	<u>(393,657)</u>
Nonoperating Revenues (Expenses)		
City of Joliet Support	375,000	375,000
Grants	357,038	2,217,801
Other Income	—	44,098
Investment Income	269,334	98,262
Interest Expense	(113,566)	(211,956)
	<u>887,806</u>	<u>2,523,205</u>
Change in Net Position	279,028	2,129,548
Net Position - Beginning as Restated	<u>6,438,008</u>	<u>3,658,213</u>
Net Position - Ending	<u><u>6,717,036</u></u>	<u><u>5,787,761</u></u>

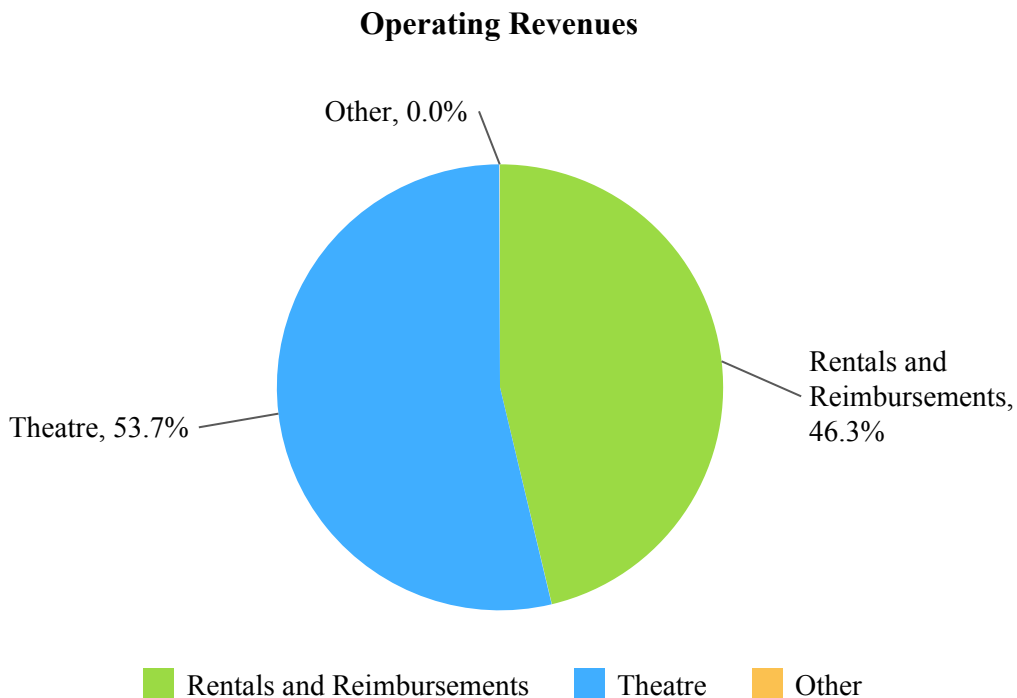
Management's Discussion and Analysis

June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

As previously stated, net position increased \$279,028, or 4.3 percent. Charges for services increased from \$3,281,064 in 2022 to \$3,281,354 in 2023. Rentals and Reimbursements for \$1,520,132, or 46.2 percent, of the total charges for services in in the current year. In the prior year Rentals and Reimbursements totaled \$270,537 and represented 8.2 percent of the total charges for services.

The following table graphically depicts the major revenue sources of the Authority. It depicts very clearly the reliance of theater and rental revenue.



The 'Operating Revenues and Expenses' Table below illustrates the surplus for the year of program revenues over expenses of \$279,028 as a result of operating revenues exceeding expenses.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Management's Discussion and Analysis

June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Operating Revenues and Expenses



In the current year, the Authority's total revenue stated relatively consistent compared to the prior fiscal year.

The total expenses for the Authority increased by \$215,411 from 2022. This is a 5.9 percent increase from prior year. This increase was due to increased cost of property insurance, the hiring of additional full-time staff, and contracting with a lobbying firm to advocate to the legislature on the theater's behalf.

BUDGETARY HIGHLIGHTS

The Authority did not amend their budget during the fiscal year. For the current year, operating revenue received was in excess of budget by \$149,345. The excess of operating revenue was largely due to increases in ancillary event revenue and concession sales. Total operating expenses were \$184,922 under budget mostly due to custodial and maintenance expenses coming in under budget for the current year.

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

The Authority's investment in capital assets as of June 30, 2023 was \$5,010,343 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, building improvements, and furniture and equipment.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Management's Discussion and Analysis

June 30, 2023

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS - Continued

Capital Assets - Continued

	<u>Capital Assets - Net of Depreciation</u>	
	<u>2023</u>	<u>2022</u>
Land	\$ 580,737	580,737
Construction in Progress	172,029	36,480
Building	2,407,158	2,479,562
Building Improvements	1,744,489	2,001,666
Furniture and Equipment	105,930	146,369
Totals	<u>5,010,343</u>	<u>5,244,814</u>

The Authority had the following additions for the year:

Construction in Progress	<u>\$ 135,549</u>
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The Authority reported depreciation expense of \$370,020. Additional information on the Authority's capital assets can be found in on Note 3 of this report.

Long-Term Obligations

At year-end, the Authority reported notes payable of \$1,788,308. The following is a comparative statement of long-term obligations payable:

	<u>Long-Term Debt Outstanding</u>	
	<u>2023</u>	<u>2022</u>
Notes Payable	<u>\$ 1,788,308</u>	<u>1,938,796</u>

Additional information on the Authority's long-term obligations can be found on Note 3 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Authority has operated at a loss in previous years. Subsidies received in the form of grants from the City of Joliet offset a substantial portion of these losses. The City of Joliet appropriates support to the Authority on a year-to-year basis with no commitments extending beyond the current year. The Authority therefore continues to remain economically dependent on the City of Joliet.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Management's Discussion and Analysis

June 30, 2023

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Will County Metropolitan Exposition and Auditorium Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Executive Director, Will County Metropolitan Exposition and Auditorium Authority, 15 East Van Buren Street, Joliet, IL 60432.

BASIC FINANCIAL STATEMENTS

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Statement of Net Position

June 30, 2023

(with Comparative Actual Amounts for June 30, 2022)

See Following Page

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Statement of Net Position

June 30, 2023

(with Comparative Actual Amounts for June 30, 2022)

	Primary Government		Component Unit
	2023	2022	Rialto Square Theatre Foundation
ASSETS			
Current Assets			
Cash and Investments	\$ 5,150,590	3,980,977	884,266
Receivables - Net of Allowances			
Accounts	97,684	540,999	21,004
Accrued Interest	6,396	7,081	—
Leases Receivable	—	213,863	—
Other	73,034	—	—
Due from Other Governments	52,350	—	—
Due from WCMEAA	—	—	79,449
Prepays	78,012	36,877	—
Inventories	34,585	16,665	7,984
Total Current Assets	5,492,651	4,796,462	992,703
Noncurrent Assets			
Capital Assets			
Nondepreciable	752,766	617,217	—
Depreciable	17,153,258	17,153,258	—
Accumulated Depreciation	(12,895,681)	(12,525,661)	—
Total Capital Assets	5,010,343	5,244,814	—
Other Assets			
Leases Receivable	1,676,753	1,419,975	—
Endowment Investments	—	—	1,202,350
Total Other Assets	1,676,753	1,419,975	1,202,350
Total Noncurrent Assets	6,687,096	6,664,789	1,202,350
Total Assets	12,179,747	11,461,251	2,195,053

The notes to the financial statements are an integral part of this statement.

	Primary Government		Component Unit
	2023	2022	Rialto Square Theatre Foundation
LIABILITIES			
Current Liabilities			
Accounts Payable	288,134	548,919	107,593
Accrued Payroll	117,203	125,226	—
Deposits	202,129	62,713	—
Other Payable	2,156,842	1,415,205	98
Due to WCMEAA	—	—	72,737
Notes Payable	179,041	171,272	—
Total Current Liabilities	2,943,349	2,323,335	180,428
Noncurrent Liabilities			
Compensated Absences Payable	38,426	—	—
Notes Payable	1,618,873	1,767,524	—
Total Noncurrent Liabilities	1,657,299	1,767,524	—
Total Liabilities	4,600,648	4,090,859	180,428
DEFERRED INFLOWS OF RESOURCES			
Leases	862,063	1,582,631	—
Total Liabilities and Deferred Inflows of Resources	5,462,711	5,673,490	180,428
NET POSITION			
Net Investment in Capital Assets	3,212,429	3,306,018	—
Restricted	—	—	1,062,964
Unrestricted	3,504,607	2,481,743	951,661
Total Net Position	6,717,036	5,787,761	2,014,625

The notes to the financial statements are an integral part of this statement.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Statement of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2023

(with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022)

	Primary Government		Component Unit
	2023	2022	Rialto Square Theatre Foundation
Operating Revenues			
Charges for Services			
Rentals and Reimbursements	\$ 1,520,132	270,537	—
Theatre	1,759,974	3,009,316	—
Other	1,248	1,211	—
Total Revenues	3,281,354	3,281,064	—
Operating Expenses			
Operations			
Salaries	1,270,968	1,213,234	—
Benefits	223,736	82,826	—
Professional Services	102,370	65,985	—
Advertising and Promotions	—	157,921	—
Administrative	113,054	55,169	—
Insurance	207,855	155,307	—
Custodial and Maintenance	211,586	153,117	—
Utilities	143,798	174,605	—
House Expense	371,892	540,645	—
Production Expense	874,853	740,999	—
Theatre	—	—	572,820
Depreciation	370,020	334,913	—
Total Operating Expenses	3,890,132	3,674,721	572,820
Operating (Loss)	(608,778)	(393,657)	(572,820)
Nonoperating Revenues (Expenses)			
City of Joliet Support	375,000	375,000	—
Grants	357,038	2,217,801	318,859
Other Income	—	44,098	44,299
Investment Income	269,334	98,262	68,152
Interest Expense	(113,566)	(211,956)	—
	887,806	2,523,205	431,310
Change in Net Position	279,028	2,129,548	(141,510)
Net Position - Beginning as Restated	6,438,008	3,658,213	2,156,135
Net Position - Ending	6,717,036	5,787,761	2,014,625

The notes to the financial statements are an integral part of this statement.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2023

(with Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022)

	2023	2022
Cash Flows from Operating Activities		
Receipts from Customers	\$ 4,292,751	3,762,892
Payments to Employees	(1,270,968)	(1,213,234)
Payments to Suppliers	(1,721,901)	(135,185)
	<u>1,299,882</u>	<u>2,414,473</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(135,549)	(123,888)
Interest Expense	(113,566)	(243,403)
Payment of Principal Retirement	(150,488)	(34,298)
	<u>(399,603)</u>	<u>(401,589)</u>
Cash Flows from Investing Activities		
Investment Income	269,334	98,262
Net Change in Cash and Cash Equivalents	1,169,613	2,111,146
Cash and Cash Equivalents		
Beginning	3,980,977	1,869,831
Ending	<u>5,150,590</u>	<u>3,980,977</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income	(608,778)	(393,657)
Adjustments to Reconcile Operating Income to Net Income to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation Expense	370,020	334,913
Other Income	732,038	2,636,899
(Increase) Decrease in Current Assets	279,359	(2,155,071)
Increase (Decrease) in Current Liabilities	527,243	1,991,389
Net Cash Provided by Operating Activities	<u>1,299,882</u>	<u>2,414,473</u>

The notes to the financial statements are an integral part of this statement.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Will County Metropolitan Exposition and Auditorium Authority (the Authority), Illinois, was created under Illinois Public Act 80-909. The original purpose of the Authority was to rehabilitate and restore a historic building, the Rialto Square Theatre. Duties of the Authority consisted of promoting, operating and maintaining expositions and conventions in the metropolitan area for industrial, cultural, educational, theatrical, sports, trade and scientific exhibits and to construct, equip and maintain auditoriums and exposition buildings for such purposes. In 1982, the Act was amended to allow the Authority to lease property as an owner and change the Authority name from Joliet to Will County Metropolitan Exposition and Auditorium Authority.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Authority's accounting policies established in GAAP and used by the Authority are described below.

REPORTING ENTITY

The Authority is a municipal corporation governed by a seven-member Board of Directors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government. Management has determined that there are no fiduciary component units that are required to be included in the financial statements of the Authority as pension trust funds and there is one discretely component units to include in the reporting entity.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described in GASB Statement No. 61 and GASB Statement No. 84 but do not meet the criteria for blending.

The Rialto Square Theatre Foundation (the Foundation) is a legally separate, tax exempt organization. The Foundation operates exclusively for charitable or educational purposes to support the Authority. The Authority provides the staffing to and funds various overhead costs of the Foundation. The Foundation is included as a discretely presented component unit because the Authority has operational responsibility for them and the purpose of the Foundation is to provide a benefit to the Authority. Separate statements may be obtained from the Authority administrative office, 15 East Van Buren Street, Joliet, IL 60432. The Authority did not omit from the financial statements any board or agency that met any inclusion criteria.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION

In the Statement of Net Position, the Authority's activities are reported on a full accrual, economic resources basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term obligations/deferred inflows.

The Authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The Authority utilizes a single proprietary fund. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to outside parties.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The Authority's basic financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for services. Operating expenses include the cost of services, administrative expenses, and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, the cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of purchase.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority has no investments at year-end.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. There is no allowance for uncollectible since these amounts are expected to be fully collectible. The Authority reports user charges as its major receivable.

Prepays/Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepays/inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids/inventories are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets purchased or acquired with an original cost of \$2,500 or more, depending on asset class, and an estimated useful life in excess of two years are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Depreciation has been provided using the straight-line method over the following estimated useful lives of the assets:

Building	10 - 50 Years
Building Improvements	5 - 20 Years
Furniture and Equipment	5 - 20 Years

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents a consumption/acquisition of net assets that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

Compensated Absences

The Authority's policy to permit employees to accumulate earned but unused sick pay benefits. All vacation pay is accrued when earned. Unused vacation may not be carried over from one calendar year to the next. If an employee terminates employment after twelve months of service prior to using all accrued vacation time, the amount of unused vacation time will be reimbursed. Employees will receive half pay for accumulated sick leave balance upon termination of employment.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in two components:

Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if applicable.

Unrestricted - All other net position balances that do not meet the definition of "net investment in capital assets."

The Authority considers restricted amounts to have been spent when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested budgets for the next fiscal year. The proposed budget is presented to the Authority Board for review. State statute does not require the Authority to adopt a budget; however, the Authority opted to pass a budget.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 3 - DETAIL NOTES ON FINANCIAL STATEMENTS

DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments - Statutes authorize the Authority to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services.

Deposits. At year-end, the carrying amount of the Authority's deposits totaled \$5,150,590 and the bank balances totaled \$4,958,452.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy requires that short-term investments may only be invested in:

1. Certificates of deposit issued by the state and national banks, savings and loan associations, and credit unions domiciled in Joliet, IL, that are: a) guaranteed or insured by the Federal Deposit Insurance Corporation, other deposit insurance agencies, or their successors; or b) secured by the pledge of securities in the same manner as is required by the depository bank.
2. Obligations of the United States or its agencies and instrumentalities.
3. Direct obligations of the State of Illinois or its agencies.
4. Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Illinois or the United States.
5. Fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described above.
6. Money market funds regulated by the Securities and Exchange Commission.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's investment policy does not address custodial credit risk for deposits. At year end, \$4,392,184 of the bank balance was not covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy does not address custodial credit risk for investments.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority's policy does not state specific limits on the amount the Authority may invest in any one issuer. At year-end, the Authority does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 3 - DETAIL NOTES ON FINANCIAL STATEMENTS - Continued

CAPITAL ASSETS

The following is a summary of capital asset activity for the year:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 580,737	—	—	580,737
Construction in Progress	36,480	135,549	—	172,029
	<u>617,217</u>	<u>135,549</u>	<u>—</u>	<u>752,766</u>
Depreciable Capital Assets				
Building	9,647,593	—	—	9,647,593
Building Improvements	6,524,756	—	—	6,524,756
Furniture and Equipment	980,909	—	—	980,909
	<u>17,153,258</u>	<u>—</u>	<u>—</u>	<u>17,153,258</u>
Less Accumulated Depreciation				
Building	7,168,031	72,404	—	7,240,435
Building Improvements	4,523,090	257,177	—	4,780,267
Furniture and Equipment	834,540	40,439	—	874,979
	<u>12,525,661</u>	<u>370,020</u>	<u>—</u>	<u>12,895,681</u>
Total Net Depreciable Capital Assets	<u>4,627,597</u>	<u>(370,020)</u>	<u>—</u>	<u>4,257,577</u>
Total Net Capital Assets	<u>5,244,814</u>	<u>(234,471)</u>	<u>—</u>	<u>5,010,343</u>

Depreciation expense of \$370,020 was charged to the Authority.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 3 - DETAIL NOTES ON FINANCIAL STATEMENTS - Continued

LEASES RECEIVABLE

The Authority is a lessor on the following leases at year end:

Lease	Term Length	Start Date	Payments	Interest Rate
University of St. Francis	240 Months	6/9/2011	\$15,079 - \$25,678 Monthly	12.00%
Midland States	180 Months	11/1/2014	\$2,393 - \$3,618 Monthly	3.13%
Johnson Family Salvage	48 Months	5/16/2022	\$573 - \$682 Monthly	2.72%
Women's Club	84 Months	7/1/2021	\$548 Monthly	2.58%

During the fiscal year, the Authority has recognized \$293,374 of lease revenue.

Fiscal Year	Principal	Interest
2024	\$ 131,522	170,661
2025	153,584	157,684
2026	177,029	142,175
2027	197,621	123,934
2028	228,474	102,530
2029	256,644	77,524
2030	265,665	48,712
2031	266,214	16,238
	<u>1,676,753</u>	<u>839,458</u>

LONG-TERM DEBT

Notes Payable

The Authority enters into notes payable for the acquisition of capital equipment. Notes payable are direct obligations and pledge the full faith and credit of the Authority. Notes payable currently outstanding are as follows:

Debt Issue	Beginning Balance	Issuances	Retirement	Ending Balance
\$1,973,094 Notes Payable of 2020 due in monthly installments of \$20,868 to \$34,000 including interest at 5.00% through July 10, 2028.	\$ 1,938,796	—	150,488	<u>1,788,308</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 3 - DETAIL NOTES ON FINANCIAL STATEMENTS - Continued

LONG-TERM DEBT - Continued

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Compensated Absences	\$ 20,257	55,550	27,775	48,032	9,606
Notes Payable	1,938,796	—	150,488	1,788,308	169,435
	<u>1,959,053</u>	<u>55,550</u>	<u>178,263</u>	<u>1,836,340</u>	<u>179,041</u>

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Notes Payable	
	Principal	Interest
2024	\$ 169,435	95,718
2025	279,708	83,442
2026	316,283	66,717
2027	346,689	48,311
2028	373,138	28,362
2029	303,055	7,226
	<u>1,788,308</u>	<u>329,776</u>

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 3 - DETAIL NOTES ON FINANCIAL STATEMENTS - Continued

NET POSITION RESTATEMENT

Beginning net position was restated due to correction of an error when implementing GASB Statement No. 87 in the prior fiscal year and to write off a receivable previously recorded. The following is a summary of the net position as originally reported and as restated:

Net Position	As Reported	As Restated	Increase
Authority	\$ 5,787,761	6,438,008	650,247

NOTE 4 - OTHER INFORMATION

RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Authority's employees. These risks are covered by commercial insurance. There has been no significant reduction in coverage in any program from coverage in the prior year. For all programs, settlement amounts have not exceeded insurance coverage for the past three years.

CONTINGENT LIABILITIES

Litigation

From time to time, the Authority is party to various pending claims and legal proceedings with respect to employment, civil rights, property taxes and other matters. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Authority attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Authority's financial position or results of operations.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

RETIREMENT FUND

The Authority contributes to the Central Pension Fund (CPF), a defined benefit pension program, for employees who are members of the International Union of Operating Engineers.

The Authority contributed \$2.65 per hour, up to 40 hours a week, for each participants. Payments for the the fiscal year ended June 30, 2023 and June 30, 2022 to CPF were \$16,790 and \$7,587, respectively.

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 4 - OTHER INFORMATION

TRANSACTIONS WITH PRIMARY GOVERNMENT

Foundation

The Rialto Square Theatre Foundation transferred \$152,526 (net) to the Will County Metropolitan Exposition and Auditorium Authority (Primary Government) for the year ended June 30, 2023.

OTHER SUPPLEMENTARY INFORMATION

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY, ILLINOIS

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended June 30, 2023**

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for Services			
Rentals and Reimbursements	\$ 1,670,742	1,670,742	1,520,132
Theatre	1,461,267	1,461,267	1,759,974
Other	—	—	1,248
Total Operating Revenues	<u>3,132,009</u>	<u>3,132,009</u>	<u>3,281,354</u>
Operating Expenses			
Operations			
Salaries	1,206,403	1,206,403	1,270,968
Benefits	284,492	284,492	223,736
Professional Services	144,000	144,000	102,370
Administrative	140,981	140,981	113,054
Insurance	249,261	249,261	207,855
Custodial and Maintenance	273,600	273,600	211,586
Utilities	179,784	179,784	143,798
House Expense	274,399	274,399	371,892
Production Expense	879,334	879,334	874,853
Depreciation	442,800	442,800	370,020
Total Operating Expenses	<u>4,075,054</u>	<u>4,075,054</u>	<u>3,890,132</u>
Operating (Loss)	<u>(943,045)</u>	<u>(943,045)</u>	<u>(608,778)</u>
Nonoperating Revenues (Expenses)			
City of Joliet Support	—	—	375,000
Grants	—	—	357,038
Investment Income	3,060	3,060	269,334
Interest Expense	(730,849)	(730,849)	(111,749)
	<u>(727,789)</u>	<u>(727,789)</u>	<u>889,623</u>
Change in Net Position	<u>(1,670,834)</u>	<u>(1,670,834)</u>	280,845
Net Position - Beginning as Restated			<u>6,438,008</u>
Net Position - Ending			<u>6,718,853</u>